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HELENA, MONTANA

BEFORE THE STATE AUDITOR  
AND COMMISSIONER OF SECURITIES  
HELENA, MONTANA

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IN THE MATTER OF:	)	CASE NO. I-07-28-06-231
	)	
MDM ENERGY	)	CONSENT AGREEMENT
14683 Midway Road, Suite 200	)	
Addison, TX 75001	)	
	)	
SAM FURO, individually and in his	)	
capacity as Associate Vice President	)	
for MDM Energy, and	)	
	)	
MICHAEL RAFAEL, individually and in	)	
his capacity as Chairman and Chief	)	
Executive Officer for MDM Energy,	)	
	)	
Respondents.	)	

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This consent Agreement dated this 2<sup>nd</sup> day of ~~January~~<sup>March</sup> 2007, is entered into by and between the Montana Securities Department ("Department"), acting pursuant to the authority of the Securities Act of Montana, § 30-10-101 *et seq.* MCA, and Respondents MDM Energy, Sam Furo and Michael Rafael.

**RECITALS**

WHEREAS, the Department issued a Notice of Proposed Agency Action (Action) on or about August 21, 2006, alleging violations of the Securities Act by Respondents with respect to the private placement memorandum as outlined in the Action;

WHEREAS, the Departments and Respondents have investigated the matters pursuant to complaints and information provided in Respondents' private placement memorandum; and

WHEREAS, the Department and Respondents agree that the best interests of the public would be served by dismissing the Action and entering into the agreements and undertaking specified herein.

NOW THEREFORE, in consideration of the mutual undertakings contained in this Consent Agreement, the Department and Respondents hereby agree to resolve their differences and settle these matters pursuant to the following terms and conditions:

### AGREEMENTS

#### I. SUMMARY OF ALLEGATIONS

A. The Action includes, *inter alia*, allegations that Respondents, in violation of §30-10-202 and 301, MCA, when they issued a private placement memorandum that failed to disclose certain information.

#### II. STIPULATIONS AND CONSENTS

A. Without admitting or denying any of the allegations contained within the Action, Respondents stipulate and consent:

1. To pay a \$5,000 administrative fine pursuant to M.C.A. § 30-10-305(3), MCA, upon signing this Consent Agreement.
2. To comply with the terms and conditions of this Consent Agreement and with the securities laws and regulations and the insurance code and regulations of Montana.
3. Under no terms and at no time will Respondents file a private placement memorandum that contains misrepresentations or misleading information.
4. The Statute of Limitation is tolled for one (1) year from the date of consummation of this consent agreement with regard to the allegations set forth above. In the event

Respondents violate the terms of this consent agreement at any time during the one-year tolling period the State Auditor's Office reserves the right to seek additional fines and to seek a permanent ban on registration or filings by Respondents.

B. Pursuant to the stipulations, agreements and consents of Respondents, the Department, under the authority of the Montana Securities Act hereby agree that:

1. The Department has determined and shall execute contemporaneous with the Consent Agreement such documents and take such actions as are required to dismiss the Actions with prejudice.

2. The parties shall cooperate with each other regarding publicity, including any press releases or press conferences. In particular, the Department will provide advance notice to Respondents of press releases or press conferences that may result from this Consent Agreement. It is understood that the Department has discretion to determine content of its media releases and approval by Respondents of such releases is not required.

C. All parties to this Consent Agreement agree and acknowledge:

1. This Consent Agreement constitutes the entire agreement between the parties, there being no other promises or agreements, either express or implied. Under authority of the Securities Act and the Insurance Code, the Department hereby agrees that it will not initiate any civil or administrative actions against Respondents regarding or related to the allegations contained in the Actions. Respondents fully and forever release and discharge the Office of the State Auditor, the elected State Auditor and all State Auditor employees from any and all actions, claims, causes of action, demands, or expenses for damages or injuries that may arise

from the allegations underlying this Consent Agreement, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Actions.

2. Upon execution and acknowledgement of the consent agreement, the State Auditor will file with the hearing examiner a Motion and Stipulation for Dismissal of the Actions, with prejudice, solely with respect to the Respondents.

DATED this March day of January 2007.

MONTANA SECURITIES DEPARTMENT

By: Gordon Higgins  
Gordon Higgins  
Deputy State Auditor

SUBSCRIBED AND SWORN to before me this March day of January 2007.

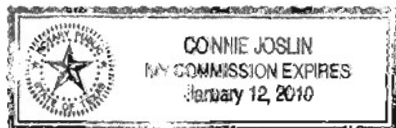
Paula Smith  
Notary Public for the State of Montana  
Residing at Helena, Montana  
My commission expires 4/14/2010.

DATED this 23 day of January 2007.

MDM Energy

By: MDM Energy

SUBSCRIBED AND SWORN to before me this 23 day of January 2007.



Connie Joslin  
Notary Public for the State of TEXAS  
Residing at: 3027 Dutton Lane, Dallas, TX 75229  
My commission expires 01/12/2010



DATED this 23 day of January 2007.

Sam Furo  
SAM FURO

SUBSCRIBED AND SWORN to before me this 23 day of January 2007.



Melinda Osborne  
Notary Public for the State of Texas  
Residing at 1401 Leeward Lane Wylie TX 75098  
My commission expires January 12, 2010

DATED this 23 day of January 2007.

Michael Rafael  
MICHAEL RAFAEL

SUBSCRIBED AND SWORN to before me this 23 day of January 2007.



Connie Joslin  
Notary Public for the State of Texas  
Residing at 3027 Doherty Lane Dallas, TX 75229  
My commission expires 01/12/2010